

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: July 19-20, 2006

Reference No.: 4.6
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Mary C. Frederick
Division Chief
Division of Aeronautics

Subject: **ADOPTION OF THE RATE FOR STATE MATCHING OF FEDERAL AIRPORT
IMPROVEMENT PROGRAM (AIP) GRANTS
RESOLUTION G-06-**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the federal Airport Improvement Program (AIP) state match rate for Fiscal Year (FY) 2006-07 at 2.5 percent. This item was presented for information at the June 8, 2006 Commission meeting.

ISSUE:

The AIP provides public use, publicly owned airports with 95 percent federal grants for airport improvement and maintenance projects. The Department assists the airport sponsors with the local match for AIP grants. The Department also provides funding for Acquisition and Development (A&D) projects for safety and pavement preservation; however, financial constraints in the Aeronautics Account has reduced the number of safety and pavement preservation projects that can be funded.

By reducing the AIP match rate to 2.5 percent, funds will become available over the course of FY 2006-07 to allow allocations for A&D projects for safety and pavement preservation. Without the lower AIP match rate, the Department will continue to have minimal funds to allocate for A&D projects.

At its June 15, 2006 meeting, the Commission's Technical Advisory Committee on Aeronautics (TACA) expressed its support for the Department's proposal to establish the State match rate at 2.5 percent for FY 2006-07. Also, this proposal has been presented to the Association of California Airports (comprised of smaller general aviation airport managers) who expressed their support and concurrence. The Department notified airport sponsors of the proposed State match rate change on June 8, 2006.

BACKGROUND:

State law (Public Utilities Code Section 21683.1 (a)) states that the Commission may, at its discretion, provide a portion of the local match for federal AIP grants. The Department is proposing

to reduce the State matching rate from 5 percent to 2.5 percent based upon recommendations from TACA and Commission staff. The Department's legal counsel has reviewed this proposal and deems that the Commission has the authority to provide the AIP match rate from 0 to 5 percent.

The matching rate will be reviewed annually by the Commission in order to balance the needs of the State A&D Program and the level of anticipated AIP match funding levels.

CALIFORNIA TRANSPORTATION COMMISSION

**Adoption of the Annual Rate for State Matching
of federal Airport Improvement Program (AIP) Grants
for Fiscal Year 2006-07**

Resolution G-06-____

- 1.1 WHEREAS, pursuant to Section 21683.1 (a) of the Public Utilities Code, the California Transportation Commission (Commission) may, at its discretion, provide a portion of the local match for federal Airport Improvement Program (AIP) grants; and
- 1.2 WHEREAS, a 2.5 percent matching rate enables the Department of Transportation to provide the State match for airports; and
- 1.3 WHEREAS, the 2006-07 Aeronautics Allocation for set-aside to match AIP grants was submitted with a matching rate of 2.5 percent; and
- 1.4 WHEREAS, a 2.5 percent matching rate allows greater opportunity allocations for Acquisition and Development (A&D) grants.
- 2.1 NOW THEREFORE BE IT RESOLVED, that the Commission hereby establishes the State matching rate for Fiscal Year 2006-07 for federal AIP projects in the 2006 Aeronautics Program at 2.5 percent of an airport project federal grant.